



Community Development Financial Institutions Fund

Community Development Financial Institutions Program

Application for Certification

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Application for Certification

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Application

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CDFI-0001

Paperwork Reduction Act Notice.

This submission requirements package is provided to applicants seeking certification as a Community Development Financial Institution by the Community Development Financial Institutions Fund. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated average burden associated with this collection of information is 30 hours per respondent, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Community Development Financial Institutions Fund, 601 13th Street, N.W., Suite 200 South, Washington, DC 20005.

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Community Development Financial Institutions Fund

Introduction

CDFI Fund Mission

The mission of the CDFI Fund (the Fund) is to promote access to capital and local economic growth by directly investing in and supporting Community Development Financial Institutions (CDFIs) and expanding financial service organizations' lending, investment and services within underserved markets. CDFIs are financial institutions that specialize in serving underserved communities and the people who live there. CDFIs include community development banks, credit unions, loan funds, microenterprise loan funds, venture capital funds and multi-bank community development corporations.

CDFI Fund Awards

The CDFI Program seeks to promote the development of a national network of community-based financial institutions that are dedicated to community development. The Fund certifies organizations as CDFIs and offers the following award programs to support their development and growth:

CDFI Core Awards. CDFIs and institutions proposing to become CDFIs may apply for financial and/or technical assistance in support of an identified business plan. Funds may be used for capitalization, operational expenses, or technical assistance needs.

CDFI Intermediary Awards. *CDFI Intermediaries*¹ (institutions that focus primarily on the financing of other CDFIs) or institutions proposing to become *CDFI Intermediaries* may apply for financial and/or technical assistance in support of an identified business plan. Funds may be used for capitalization, operational expenses, or technical assistance needs.

CDFI Technical Assistance Awards. CDFIs and institutions proposing to become CDFIs may apply for grants that support their identified technical assistance needs.

CDFI Certification

In order to be certified as a Community Development Financial Institution (CDFI), an organization must be a legal entity at the time of application, and must meet the certification eligibility requirements outlined in this application.² There are six specific requirements that must be met:

1. The organization and its *Affiliates* must collectively have a primary mission of promoting community development;
2. The organization must be a *Financing Entity*;
3. The organization must principally serve a *Target Market*;
4. The organization must provide *Development Services* in conjunction with its financing activities;
5. The organization must maintain accountability to its defined *Target Market*; and
6. The organization must be a non-governmental entity, and must not be controlled by one or more governmental entities.

In order to be certified by the Fund, an applicant must meet each of these six criteria.³ Applicants that are *Affiliated* with or are themselves *Insured Depository Institutions* or *Depository Institution Holding Companies* must demonstrate that the applicant and its *Affiliates* collectively meet each of the six criteria.

Certification does not constitute an opinion by the CDFI Fund as to the effectiveness or financial viability of the certified organization. Qualitative determinations such as these are made by the Fund during the course of evaluating an organization's request for financial assistance.

¹ Terms in *Capitalized Italics* are defined in the Glossary in the appendix of this application.

² The contents of this application are consistent with applicable CDFI Fund regulations, found at 12 CFR Part 1805, specifically § 1805.200.

³ An entity that is unable to meet one or more of the eligibility requirements (e.g. financing entity) may create a separate entity for purposes of meeting these requirements. In order to be eligible for consideration, the new entity must legally exist at the time of application.

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Benefits of CDFI Certification

There are several potential benefits of CDFI certification. First, certification enables an organization to receive financial assistance under the CDFI Program. Although an organization applying for CDFI Program funding is not required to be certified at the time of application, it must be certified before a funding award may be disbursed by the Fund under the CDFI Core or CDFI Intermediary components. Second, certified CDFIs can increase their capital by partnering with institutions seeking awards under the Fund's Bank Enterprise Award (BEA) Program, which provides financial awards to FDIC-insured depository institutions that invest in certified CDFIs. Third, CDFI Fund certification may increase an organization's ability to raise funds from sources such as foundations and state and local governments. Finally, CDFIs may receive technical assistance support from the CDFI Fund, and training support from organizations selected by the Fund to build capacity within the CDFI and financial services industries.

Applying for CDFI Certification

Organizations may apply for CDFI certification by submitting this stand-alone certification application or by completing the CDFI "Certification Materials" portion of an application submitted under a CDFI Program funding round. To obtain a CDFI Program funding application, please contact the Fund or download and print the application directly from the CDFI Fund's web site (www.treas.gov/cdfi).

Stand-alone certification applications may be submitted to the Fund at any time during the year. However, during periods when the Fund is reviewing funding applications (generally from February through September of each year), review priority will be given to certification applications submitted as part of a funding application. Thus, the Fund anticipates that it will principally review stand-alone certification applications between October and January of each year.

Organizations applying for CDFI certification through this stand-alone certification application should send one signed original and one copy of all application materials to the address listed below. The original should be unbound, and the copy should be placed in a three-ring binder without staples or other forms of binding. Applications faxed or sent via e-mail will not be accepted.

Awards Manager

Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street, N.W., Suite 200-South
Washington D.C. 20005

NOTE: Stand-alone applications submitted by organizations seeking to partner with *Insured Depository Institutions* under the BEA Program should be submitted to the Fund no later than the BEA Program application deadline. If an organization seeking certification fails to submit its application by this deadline, the Fund cannot guarantee that it will have sufficient time to complete a certification review for the purposes of the funding round of the BEA Program.

Applying for Recertification as a CDFI

A CDFI certification conferred by the Fund will remain effective for three years from the date of certification by the Fund, unless, as a result of a review of the organization by the Fund, the Fund, in its sole discretion, decides to end the certification on an earlier date. For organizations currently certified as CDFIs, this certification application must be completed by the applicant in order to be recertified by the Fund. Organizations must submit their applications for recertification at least three months before the expiration of their current certification, so that the Fund can make its recertification determination prior to the date of expiration. The recertification application may be completed either as a stand-alone application or by completing the CDFI "Certification Materials" portion of an application submitted under a CDFI Program funding round.

Additional Questions and Information

If you have any questions about this application, you may contact the Fund by telephone at (202) 622-8662, by e-mail at cdfihelp@cdfi.treas.gov, or by facsimile to (202) 622-7754. Additional information on CDFI certification, and copies of the CDFI Program regulations, certification application, funding applications and other materials are available on the Fund's web site: www.treas.gov/cdfi.

The Fund also conducts a number of informational workshops in selected cities across the country each year. These workshops include information on CDFI certification requirements. They are generally held in connection with CDFI Program Notices of Funds Availability (NOFAs) published in the Federal Register. A schedule of these workshops is provided in the NOFAs and posted on the Fund's web site.

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Application Checklist

The following items must be included or the application will be considered incomplete.

- ☐ Application Checklist
- ☐ Part I. Applicant Information
- ☐ Part II. Industry Data
- ☐ Part III. Certification Materials

Primary Mission

- ☐ Articles of incorporation (or similar organizing documents) and current bylaws
- ☐ Official document(s) referencing mission statement OR specified narrative information
- ☐ If applicable, information on shares of voting stock held by *Insured Depository Institution* or *Depository Institution Holding Company* investors.

Financing Entity

If your organization is an *Insured Depository Institution*, insured credit union or *Depository Institution Holding Company*:

- ☐ Organizing documents and/or certificate of insurance

All other organizations:

- ☐ Asset Information Table with specified narrative information
- ☐ Staff Allocation Table with specified narrative information
- ☐ Year-end financial statements

Target Market

If your organization has identified an *Investment Area* as its *Target Market*:

- ☐ Investment Area maps and worksheets
- ☐ Narrative description of unmet needs
- ☐ Applicant Activity Table with specified narrative information

If your organization has identified a *Low-Income Targeted Population* as its *Target Market*:

- ☐ Applicant Activity Table with specified narrative information

If your organization has identified an *Other Targeted Population* as its *Target Market*:

- ☐ Information demonstrating that the population has unmet capital needs
- ☐ Applicant Activity Table with specified narrative information

Development Services

- ☐ Specified narrative information on content of *Development Services*

Accountability

If your organization is demonstrating accountability through the governing board:

- ☐ A list of the governing board members, indicating which members represent the *Target Market*

If your organization is demonstrating accountability through other means:

- ☐ Specified narrative information

Non-Government Entity

- ☐ If applicable, specified narrative information

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Part I. Applicant Information

Application Type:☐ Certification☐ Recertification¹**Applicant Contact Information**

Applicant Organization Name:

Mailing Address (Provide mailing address and physical address for overnight deliveries. Provide nine-digit zip code where available):*Authorized Representative* Name and Title, and address if different from applicant:

Telephone number

Fax number

E-mail address

Contact Person Name and Title, and address if different from applicant:

Telephone number

Fax number

E-mail address

Estimate how long this application took to complete: _____ Hours. NOTE: This information is not used for reviewing an organization's eligibility for CDFI certification. It is aggregated with other applicants' and is used for the Fund's reporting on information collection requirements.

To the best of my knowledge and belief, all information in this application is true and correct. The application has been duly authorized by the governing body of the applicant.

Authorized Representative Signature:

Date:

¹ Organizations must submit their applications for recertification at least three months before the expiration of their current certification, so that the Fund can make its recertification determination prior to the date of expiration.

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Part I. Applicant Information

Applicant Organizational Characteristics

Congressional District of the applicant's headquarters. If the applicant serves other Congressional Districts, list the three other Districts in which most of the applicant's activity occurs:

List all of the states currently served by the applicant:

Target Market (check all that apply): ☐ Urban ☐ Suburban ☐ Rural

Type of Entity (Check one):

- ☐ For-profit
☐ Non-profit
☐ Other (specify):

Tax Exempt Status:

- ☐ 501(c)(3) ☐ 501(c)(4)
☐ Other (specify):

Tax Payer Identification No:

Dunn & Bradstreet No. (if available):

Type of Financial Institution (check one):

- ☐ Thrift, Bank or Bank Holding Company
☐ Credit Union
☐ Venture Capital Fund
☐ Loan Fund
☐ Multi-Bank CDC
☐ CDFI Intermediary
☐ Other (specify):

Financing Activities (check all that apply):

- ☐ Microenterprise
☐ Business
☐ Housing
☐ Facilities
☐ Consumer Loans
☐ Consumer Checking/Savings Accounts
☐ Other (specify):

Predominant Financing Activity: If more than one financing activity is checked above, indicate which one is expected to be the predominant activity upon certification as a CDFI:

Applicant's Date of Incorporation (month/day/year):

Date the applicant began to incur operating expenses (month/year):

NOTE: Applicants that began to incur operating expenses up to two years prior to the date of application are considered start-ups.

Total Assets of applicant at the time of submission of this application: \$

Affiliate Information Table

Applicants with *Affiliates* must complete this table. Attach additional sheets of paper if needed.

Affiliate Name	Certified CDFI (yes/no)	Total Assets (as of last completed fiscal year)
		\$
		\$
		\$
		\$

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Part II. Industry Data

The following information will not be used in the review of your organization's eligibility for CDFI certification. Rather, the data will be entered into the Fund's database and used primarily with data from other CDFIs to provide a source of information about the CDFI field. You may provide estimates if actual numbers are not available. Please refer to the Glossary for definitions of capitalized, italicized terms.

1. Year the applicant organization started its financing activities: _____
2. End of most recently completed fiscal year (month/year): _____
3. Staff (# of *Full-Time Equivalents*. Include volunteers that are an integral part of your staffing structure) as of the end of the most recently completed fiscal year: _____
4. *Net Assets* (non-profits), *Net Worth* (for-profits) or *Net Capital* (credit unions) as of the end of the most recently completed fiscal year: \$ _____
5. *Total Expenses* during the most recently completed fiscal year: \$ _____
6. *Total Earned Income* during the most recently completed fiscal year: \$ _____
7. *Capital Available for Lending and Equity Investments*. In the case of *CDFI Intermediaries*, also include capital available for deposits in *Insured CDFIs* or emerging *Insured CDFIs* as of the end of the most recently completed fiscal year: \$ _____
8. Loans and *Equity Investments* outstanding as of the end of the most recently completed fiscal year:
of loans: _____ \$ amount of loans: _____
of *Equity Investments*: _____ \$ amount of *Equity Investments*: _____
9. *Loans Closed* and *Equity Investments Closed* during the most recently completed fiscal year:
of loans: _____ \$ amount of loans: _____
of *Equity Investments*: _____ \$ amount of *Equity Investments*: _____
10. *Past Due Loans* as of the end of the most recently completed fiscal year:
All CDFIs Except Credit Unions: 30-89 days past due: \$ _____
90 or more days past due: \$ _____
Credit Unions ONLY: 2 to 6 months past due: \$ _____
6 or more months past due: \$ _____
11. *Net Write-Offs* or *Net Charge-Offs* during the most recently completed fiscal year:
of loans: _____ \$ amount of loans: \$ _____
12. # of jobs created or retained by borrowers or investees as a result of the applicant's financing during its most recently completed fiscal year: _____
13. # of housing units developed or rehabilitated by borrowers or investees as a result of the applicant's financing during its most recently completed fiscal year¹: _____
14. # of non-profit or other community service organizations financed by the applicant during its most recently completed fiscal year: _____
15. Number of clients receiving *Development Services* from the applicant during its most recently completed fiscal year: _____

¹ Count the number of housing units to be developed or rehabilitated with *Loans Closed* during the fiscal year, regardless of when the units are expected to be completed.

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Part III. Certification Materials

General Information

In order to be certified as a CDFI, an applicant must be a legal entity duly organized and validly existing under the laws of the jurisdiction in which it was incorporated and established. In addition, it must complete sections one through six below.

All applicants with *Affiliates* must provide information about their affiliated entities as specified under section one below. In addition, applicants with *Affiliates* that are *Depository Institution Holding Companies* or *Insured Depository Institutions* must provide information in each of sections one through six below demonstrating that the applicant and its *Affiliates* collectively meet all of the CDFI certification requirements described under each section. Before proceeding to sections one through six, be sure to review the definition of *Affiliate* provided in the Glossary.

1. PRIMARY MISSION

Purpose: To determine whether an applicant and its *Affiliate(s)* collectively have a primary mission of promoting community development.

Key Criteria: In order to be deemed eligible under this criterion, an applicant and its *Affiliate(s)*, taken collectively, must have a primary mission of promoting community development. For purposes of this requirement, “promoting community development” is defined as purposefully improving the social and/or economic conditions of: (1) underserved people (including low-income people and people who lack adequate access to capital and/or *Financial Services*); and/or (2) residents of distressed communities (which may include *Investment Areas*). An applicant may meet this requirement by providing incorporating documents, bylaws, annual reports, or other organizational documents of the applicant and the *Affiliate(s)* that, in the judgment of the Fund, evidence such a primary mission.

In the circumstances where a primary mission of promoting community development is not clearly evidenced by the entity’s organizational documents, an applicant may still demonstrate a primary mission of promoting community development by showing that the collective activities and products of the applicant and its *Affiliate(s)* evidence such a primary mission.

For purposes of this requirement, an entity that has a mission directed at serving distressed communities must

be able to demonstrate that its activities directly benefit community residents (for example, through the provision of jobs, and/or needed goods or services) of such distressed communities. The Fund will not deem activities that only provide indirect benefits to residents, such as an increase in the community’s overall tax base, as evidence of an applicant and its *Affiliate(s)* primary mission of promoting community development.

Information Needed from the Applicant:

1. Is the applicant organization currently a legal entity, with articles of incorporation (or similar organizing documents) filed with the state or other appropriate body in which it was incorporated and/or established?
☐ Yes (If yes, attach articles of incorporation or similar organizing documents)
☐ No (If no, the applicant is not eligible for certification as a CDFI)
2. Attach a copy of the applicant organization’s current bylaws.
3. Does the applicant organization have any *Affiliates*?
☐ Yes
☐ No
4. Do the incorporating documents, bylaws, annual reports, or other organizational documents of the applicant organization and its *Affiliate(s)* collectively evidence a primary mission of promoting community development, as defined above under the Key Criteria section?
☐ Yes (If yes, attach the appropriate documents reflecting the entities’ missions)
☐ No
5. If your answer to question #4 above is “No”, provide a brief narrative describing how the collective activities and products of the applicant organization and its *Affiliate(s)* evidence a primary mission of promoting community development, as described above under the Key Criteria section (Suggested length: one page).
6. If the applicant or any of its *Affiliate(s)* issues stock, attach information indicating the proportion of voting stock held by *Insured Depository Institutions* or *Depository Institution Holding Companies*.

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Part III. Certification Materials

2. FINANCING ENTITY

Purpose: To determine whether an applicant is an *Insured Depository Institution*, *Depository Institution Holding Company*, or insured credit union, or whether it can otherwise demonstrate that it is a *Financing Entity*.

Key Criteria: Applicants that are insured credit unions, *Insured Depository Institutions* or *Depository Institution Holding Companies* are considered *Financing Entities* by virtue of their status as regulated financial institutions. All other applicants will need to demonstrate that they are *Financing Entities*.

The Fund will examine information about an applicant's assets and its allocation of staff resources to determine whether the applicant's combined provision of *Financial Products and Development Services* make up a simple majority (more than 50%) of its activities. If so, the applicant will be determined to be a *Financing Entity*.

In circumstances where these activities, combined, are not the majority of an applicant's activities, the Fund will also consider the extent to which the applicant engages in *Financing Related Activities*. These activities may include:

- the provision of pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and
- the provision of loan packaging, provided that the applicant is financing a portion of the loan that is being packaged for another lender.

An applicant whose *Financial Products*, *Development Services* and *Financing Related Activities*, when combined, make up a simple majority of its total activities will be determined to be a *Financing Entity*. The Fund recognizes that an applicant may engage in a variety of different activities, and therefore may not be able to demonstrate that a majority of its activities are dedicated

to *Financial Products*, *Development Services* and *Financing Related Activities*. Such an applicant may still be considered a *Financing Entity* if, in the judgment of the Fund, these activities collectively represent a plurality (the largest component) of its total activities.

Notwithstanding the above criteria, non-regulated applicants that are start-ups cannot be considered *Financing Entities* prior to making their first loan or *Equity Investment*.

Information Needed from the Applicant:

1. Is the applicant an *Insured Depository Institution*, *Depository Institution Holding Company*, or insured credit union?
 - ☐ Yes (If yes, attach your organizing documents and/or current certificate of insurance indicating your status as such an entity. Please skip to Part 3, "Target Market," below).
 - ☐ No
2. Has the applicant made its own loans and/or *Equity Investments* that are reflected on its statement of financial position (balance sheet)?
 - ☐ Yes
 - ☐ No
3. (a) Complete the Asset Information Table below, using the applicant's financial statements from its most recently completed fiscal year (audited, if available). Before completing this table, be sure to review the definitions of *Financial Products*, *Development Services*, and *Financing Related Activities* provided in the Glossary.
3. (b) Provide explanatory notes clarifying how you used information from your organization's financial statements to derive the figures in rows B, C, and, if applicable, E and G of the Asset Information Table.

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Part III. Certification Materials

Asset Information Table

	Category	Dollar Amount	% of Total Assets
A.	Total Assets		100%
B.	<i>Financial Products</i> assets ¹		%
C.	<i>Development Services</i> assets ²		%
D.	Subtotal (rows B +C)		%
E.	If row D ≤ 50% of total assets: <i>Financing Related Activities</i> assets ³		%
F.	Subtotal (rows D+E)		%
G.	If row F ≤ 50% of total assets: All other assets ⁴		%
	1.		%
	2.		%
	3.		%
	4.		%

¹ Row B should include loans receivable and *Equity Investments* resulting from *Arms-Length Transactions*, as well as cash, cash equivalents, contracts receivable, grants receivable and other assets restricted by the source, or designated by an applicant's Board or similar body, for the provision of *Financial Products*.

² Row C should include contracts or grants receivable for the provision of *Development Services*, and cash or cash equivalents restricted by the source, or designated by an applicant's Board or similar body, for the provision of *Development Services*.

³ Row E only needs to be completed if row D comprises 50% or less of your organization's total assets. Estimate the total assets devoted to the provision of *Financing Related Activities*.

⁴ Row G only needs to be completed if row F comprises 50% or less of your organization's total assets. List each category of your organization's "other assets" separately on lines 1-4. These categories should be self-identified, and may include, for example, real estate development assets, assets related to the provision of social services, or fixed assets.

4. (a) Complete the Staff Allocation Table below, based on your current allocation of staff resources.

For purposes of this table, the Fund defines one *Full Time Equivalent (FTE)* as one person working a 40-hour workweek. In calculating the number of *FTEs*, an organization may aggregate the work hours of part-time employees (for example, if an organization has two part-time employees who each work 20 hours per week, they may be counted as one *FTE*).

An organization that has staff occupying multiple categories of activities identified in the Staff Allocation Table should allocate *FTEs* based on the estimated percentage of staff time an employee devotes to each category of activity.

An organization whose Board members or other volunteers devote significant time to fulfilling an organization's day-to-day operational responsibilities may aggregate such time into the calculations of *FTEs* in the Staff Allocation Table.

4. (b) Provide a brief narrative description of how you derived the figures in the Staff Allocation Table. Specifically, explain how staff with multiple responsibilities are represented in the Table. To the extent that volunteers or Board members make up a significant portion of your organization's day-to-day staffing, explain their responsibilities and indicate how they are represented in the Table.

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Part III. Certification Materials

Staff Allocation Table

	Category	FTEs	% of Total FTEs
A.	Total Number of Full-Time Equivalent (FTE) Staff		100%
B.	FTEs devoted to provision of <i>Financial Products</i> ¹		%
C.	FTEs devoted to <i>Development Services</i> ²		%
D.	Subtotal (rows B+C)		%
E.	If row D ≤ 50% of total FTEs: FTEs devoted to <i>Financing Related Activities</i> ³		%
F.	Subtotal (rows D+E)		%
G.	If row F ≤ 50% of total FTEs: All other FTEs ⁴		
	1.		%
	2.		%
	3.		%
	4.		%

¹ Estimate the number of *FTEs* devoted to activities directly related to the applicant's *Financial Products*. These activities may include loan processing, underwriting, servicing, and related administrative activities.

² Estimate *FTEs* devoted to *Development Services* that directly support the applicant's *Financial Products*.

³ Row E only needs to be completed if row D comprises 50% or less of your organization's total number of *FTEs*. Estimate the number of *FTEs* devoted to the provision of *Financing-Related Activities*.

⁴ Row G only needs to be completed if row F comprises 50% or less of your organization's total number of *FTEs*. List each category of "other *FTEs*" separately as indicated in lines 1-4. These categories should be self-identified and may include, for example, staff devoted to real estate development or management, staff devoted to the provision of social services, etc.

5. Attach a copy of the applicant's financial statements for its most recently completed fiscal year. If such financial statements are not yet audited, also attach a copy of the applicant's most recent audited financial statements.

3. TARGET MARKET

Purpose: To determine whether an applicant's activities are principally directed to serving a *Target Market*.

Key Criteria: The requirements of this section are twofold. The applicant must first designate an eligible *Target Market*, and then demonstrate that a minimum of approximately 60% of its activities are directed towards serving its *Target Market*.

Designating a Target Market

An eligible *Target Market* may be comprised of: *Investment Area(s)*; a *Low-Income Targeted Population*; *Other Targeted Population(s)*; or any combination of the three. An applicant need only designate one *Investment Area*, *Low-Income Targeted Population* or *Other Targeted Population*, but may designate more than one, if necessary to demonstrate that a minimum of 60% of its activities are directed towards an eligible *Target Market*. The eligibility requirements for the *Target Market* are as follows:

An *Investment Area* will be found to be eligible if it:

- (1) is entirely located within the *United States*;
- (2) is comprised of an eligible *Geographic Unit(s)*¹; and either:
 - (a) Encompasses or is located in a Federally-designated Empowerment Zone or Enterprise Community; or
 - (b) Meets at least one of the CDFI Fund's five tests of economic distress² and has unmet needs for loans or *Equity Investments*.

A CDFI may serve one or multiple *Investment Areas*, as needed to fully define its *Target Market*.

A *Low-Income Targeted Population* will be found to be eligible if it is comprised of individuals whose family

income is not more than:

- (1) For metropolitan areas, 80% of the metropolitan area median family income; and
- (2) For non-metropolitan areas, the greater of 80% of the area median family income or 80% of the statewide non-metropolitan area median family income.

An *Other Targeted Population* will be found to be eligible if it is an identifiable group of individuals that lacks adequate access to loans or *Equity Investments* in the applicant's service area. An *Other Targeted Population* shall be comprised of people who have historically been denied access to loans or *Equity Investments* due to factors including gender, race, ethnicity, national origin and creed. An *Other Targeted Population* must be comprised of groups of people, as opposed to groups of institutions (such as small businesses or cooperative enterprises). An applicant, in addition to demonstrating that it serves such a group, must also demonstrate that the members of the group lack adequate access to loans or *Equity Investments*.

An organization seeking to determine whether its borrowers, investees, or recipients of its other services are members of an eligible *Low-Income Targeted Population* or *Investment Area* should use the CDFI Fund Online Help Desk at the CDFI Fund's web site (www.treas.gov/cdfi). If you have questions on how to use this information, or cannot access the web site, please contact the Fund at (202) 622-8662.

Demonstrating that Activities are Directed Towards the Target Market

In general, an applicant must demonstrate that a minimum of approximately 60% of its total activities are directed to serving an eligible *Target Market*. To demonstrate that the applicant meets or surpasses this 60%

¹ An *Investment Area* shall consist of a single *Geographic Unit* or a group of contiguous *Geographic Units*. Such contiguous units do not each have to meet one of the distress criteria. However, the combined population of *Geographic Units* which do not meet any distress criteria may not exceed 15% of the total population of the *Investment Area*. Contiguous *Geographic Units* in an *Investment Area* do not each have to meet the same distress criteria.

² An *Investment Area* will be considered distressed if it meets at least one of the following five criteria of economic distress: 1) has a high concentration of poverty; 2) has a low median family income; 3) has a high rate of unemployment; 4) has a high percentage of occupied distressed housing; or 5) has experienced a significant loss in population. These five criteria are further defined in the Glossary and the applicable CDFI Fund regulations found at 12 CFR Part 1805.201(b).

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threshold, the applicant must show that it serves its *Target Market* directly (e.g., loans directly to *Low-Income* people or loans directly to residents of an *Investment Area*) and/or indirectly (e.g., loans to businesses that are using the loan proceeds to create or sustain jobs for *Low-Income* people or residents of an *Investment Area*, or loans to developers of housing for residents of an *Investment Area*).

For purposes of this requirement, an activity that serves a *Target Market* indirectly (e.g., a loan to a small business that hires *Low-Income* people) shall be counted as serving the *Target Market* if at least 60% of the end beneficiaries (e.g. employees of the business receiving assistance from the applicant) are members of the *Target Market*. In cases in which an applicant cannot demonstrate that at least 60% of the end beneficiaries of a given product or service are members of the *Target Market*, the Fund may still consider the activity as serving the *Target Market* if, in the opinion of the Fund, the applicant: 1) makes a good faith effort to serve the *Target Market* (e.g., by mandating that recipients of small business loans seek to fill positions first from State welfare lists or other sources of *Low-Income* workers); and 2) tracks the extent to which end beneficiaries are members of the *Target Market*.

Information Needed from the Applicant:

1. Indicate which *Target Market* you are designating (check all that apply):
 - ☐ *Investment Area(s)*
 - ☐ *Low-Income Targeted Population*
 - ☐ *Other Targeted Population(s)* (Specify populations(s):_____)
2. For applicants designating one or more *Investment Area(s)*, prepare and attach appropriate *Investment Area* maps and worksheets. These materials must be obtained from and prepared using the CDFI Fund Online Help Desk at the CDFI Fund's web site (www.treas.gov/cdfi). Detailed instructions on how to prepare and submit this information are available on the web site. If you have questions on how to prepare these materials, or cannot access the web site, please contact the Fund at (202) 622-8662.
3. For applicants designating one or more *Investment Area(s)*, provide a brief narrative describing the unmet loan or *Equity Investment* needs of the *Investment Area(s)*. For example, an applicant may illus-

trate a lack of bank branches within geographic proximity to the *Investment Area(s)*; or that its borrowers experience a high rate of loan declines from existing financial institutions.

4. For applicants designating a *Low-Income Targeted Population* and/or *Other Targeted Population*, specify the service area from which the *Targeted Population* is drawn (which could be a local, regional, or national service area): _____

Applicants serving a *Low-Income Targeted Population* may consult the CDFI Fund Online Help Desk at the CDFI Fund's web site (www.treas.gov/cdfi) to ascertain data relating to area median family incomes.
5. For applicants designating an *Other Targeted Population*, provide a brief narrative (suggested length: 1-2 pages) which references studies, surveys or other information demonstrating: a) that the designated population as a whole, either nationally or in the applicant's service area, has unmet loan or *Equity Investment* needs; and b) that the applicant's clients who are members of the designated population have unmet loan or *Equity Investment* needs. An applicant may demonstrate item "b" above by providing, for example, information that its clients that comprise the identifiable group of individuals have been denied loans from traditional financial institutions, or that such clients live in areas which are inadequately serviced by financial institutions.
6. All applicants must complete the Applicant Activity Table, below, indicating the extent to which the applicant organization's *Financial Products and Development Services* are directed to the defined *Target Market*. Please attach narrative information (suggested length: 1 page) describing how your organization documents that activities shown as serving a *Target Market* are in fact being provided to that *Target Market*. For example, if an organization serves a *Low-Income Targeted Population*, it should indicate how it verifies that its clients (or its clients' end beneficiaries) are *Low-Income*. Similarly, if an organization serves an *Investment Area*, it should indicate how it determines that its clients are residents of the *Investment Area*.

NOTE: If an applicant does not track the information required in the Applicant Activity Table on a product-by-product or client-by-client basis, it may estimate the amount of activities directed to its

Target Market. In such cases, the applicant must identify in its narrative those cases in which estimates were used, and must provide an explanation of how the estimate was derived. For example, an applicant may survey a random sample of its borrowers in order to estimate the proportion of its loans that are directed to its *Target Market*, provided it documents the methodology used in the survey.

7. Estimate the percentage of your organization's "other" activities (such as *Financing Related Activities*, real estate management, social service delivery, etc.) that are directed towards its *Target Market(s)*: _____%.

NOTE: The Fund may request additional information from the applicant in circumstances where "other" activities constitute a significant portion of the applicant's total activities.

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Applicant Activity Table

Provide the information below only for the applicant's most recently completed fiscal year. The Fund may request information on additional past years if the activity levels described below are not conclusive.

- In columns 2 through 4, report only those activities that correspond to the *Target Market* that you designated in question 1, above.
- Include activity that is in more than one *Target Market* only once. For example, a *Low-Income* borrower that also resides in an *Investment Area* should only be included in one column.

	1	2	3	4	5	6
Measures	Total Activity	Activity in Investment Area(s)	Activity to Low-Income Targeted Population	Activity to Other Targeted Population(s)	Total Target Market Activity (column 2+3+4)	Target Market Activity as % of Total Activity (column 5/column 1)
Loans						
Number of loans						%
Dollar amount of loans	\$	\$	\$	\$	\$	%
Equity Investments						
Number of Investments						%
Dollar amount of Investments	\$	\$	\$	\$	\$	%
Deposits¹						
Number of Deposit Accounts						%
Dollar amount of Deposit Accounts	\$	\$	\$	\$	\$	%
Development Services						
Number of clients receiving <i>Dev. Services</i>						%
Grants or Deposits² to CDFIs or potential CDFIs (CDFI Intermediaries only)						
Dollar amount of grants and deposits	\$	\$	\$	\$	\$	%

¹ This refers to deposits or share accounts in applicants that are *Insured Depository Institutions* or insured credit unions.

² This refers to deposits made by a *CDFI Intermediary* to *Insured Depository Institutions* and/or insured credit unions that are CDFIs or emerging CDFIs.

4. DEVELOPMENT SERVICES

Purpose: To determine whether an applicant provides *Development Services* in conjunction with its financing activities.

Key Criteria: An applicant must demonstrate that it provides *Development Services* which, by definition, are directed to the recipients or potential recipients of the applicant's *Financial Products*. In order for an activity to be classified as a *Development Service*, an applicant must demonstrate a clear link between the activity and the applicant's *Financial Products*. Thus, an applicant that is primarily a training, counseling, or technical assistance provider cannot count these activities as *Development Services* if, in the judgment of the Fund, such services are not intended to prepare an existing or potential borrower or investee of the applicant to utilize the *Financial Products* of the applicant. The Fund does not specify a minimum ratio of an applicant's *Development Services* to its financing activities, recognizing that this ratio may vary depending upon an applicant's specific products and market.

Common examples of *Development Services* include homebuyer counseling, business plan development, training on business finances, and technical assistance on improving a borrower's credit rating. Applicants may provide *Development Services* through their own staff (as indicated in the Staff Allocation Table of this application) through the staff of an *Affiliate* or through a contract with another provider (as long as the applicant is directing the provision of those services).

Information Needed from the Applicant:

1. How does your organization provide *Development Services*? (Check all that apply).
 - ☐ Provides *Development Services* directly;
 - ☐ Provides *Development Services* through an *Affiliate* (name of *Affiliate*): _____;
 - ☐ Provides *Development Services* through a contract with a non-*Affiliate* organization (name of provider): _____.
2. Approximately what percentage of *Development Services* clients apply for *Financial Products* from your organization? _____%
3. Provide a brief narrative describing the content of your *Development Services* (Suggested length: one page). If your organization provides *Development Services* through a contract with a non-*Affiliate* organization, also describe the terms of the contract and the extent to which your organization directs the provision of those services.

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5. ACCOUNTABILITY

Purpose: To determine whether an applicant maintains accountability to its defined *Target Market*.

Key Criteria: The most definitive means by which an applicant may demonstrate that it is accountable to its *Target Market* is by demonstrating that members of its governing board are representative of the *Target Market*. An organization may maintain accountability to its *Target Market* either by having on its governing board individuals who are themselves representative of the *Target Market* (e.g. *Low-Income* individuals) or by having representatives of organizations that primarily serve the *Target Market* (e.g. staff or board members of a non-profit organization that principally serves *Low-Income* individuals). The Fund does not specify a minimum percentage of governing board members that must be residents of the applicant's *Investment Area(s)* and/or members of the *Targeted Population(s)*. The Fund will evaluate such accountability on a case by case basis, taking into consideration the size of the governing board along with the diversity of its membership.

If an applicant has designated both an *Investment Area(s)* and a *Targeted Population(s)*, the applicant must demonstrate that it maintains accountability to each portion of its *Target Market*. For example, if an applicant has identified an *Investment Area* in a city and has also identified a *Low-Income Targeted Population* drawn from the broader metropolitan area, the applicant must maintain accountability to the residents of the *Investment Area* and the *Low-Income Targeted Population*.

An applicant may satisfy the accountability requirement through means other than representation on its governing board – such as through advisory boards, focus groups, community meetings, or community or client surveys. In evaluating such means of maintaining accountability, the Fund will consider how often information is collected from the *Target Market*, and whether it is used by the applicant in making decisions that affect the *Target Market*.

Information Needed from the Applicant:

1. How does your organization maintain accountability to the residents of your defined *Investment Area(s)* and/or *Targeted Population(s)*? (check one or both).
☐ Through the governing board (answer question 2, below)
☐ Through other means (answer question 3, below)
2. If your organization maintains accountability through a governing board, complete the information below:

What is the total number of governing board members? _____

How many members of your organization's governing board are representative of its defined *Investment Area(s)* and/or *Targeted Population(s)*? (e.g., residents of an *Investment Area*; *Low-Income* individuals; or representatives of non-profit organizations that principally serve a *Targeted Population*): _____

Attach a list of your Board Members, indicating which members are representative of the defined *Target Market* and how they are representative of that *Target Market*.
3. If your organization maintains accountability through a means other than its governing board, provide a brief narrative describing how your organization maintains accountability to its defined *Target Market*. (Suggested length: one page). This narrative shall address how your organization uses its accountability approach to inform decisions made by the governing board that affect its *Target Market*.

6. NON-GOVERNMENT ENTITY

Purpose: To determine whether an applicant is a non-government entity and is not controlled by one or more government entities.

Key Criteria: An applicant must demonstrate that it is not a government entity and is not controlled by one or more government entities¹. In general, the Fund considers the following factors, among others, as indicative of an applicant's being controlled by one or more government entities:

- If one or more government entities or government officials control the election or appointment of a majority of the members of the applicant's board of directors. Even if no single government entity or official controls the election of the board, the Fund will consider an applicant to be governmentally controlled if a combination of separate government entities or officials control the election of a majority of the board.
- If the applicant is controlled by a parent organization that is controlled by one or more government entities.
- If one or more government entities select or have veto power over the selection of the applicant's executive director, chief executive officer, or comparable officer.
- If one or more government entities control or have veto power over the applicant's loan or investment decisions.

An entity that was created by or receives substantial assistance from one or more government entities may still meet this requirement provided that, in the judgment of the Fund, it is not controlled by such entities and maintains independent decision making authority over its activities.

Information Needed from the Applicant:

1. Indicate on the applicant organization's board list with an asterisk (*) any members who are government employees or elected or appointed government officials.

2. Answer the questions below by placing a check in each applicable box. If you check any "yes," provide a brief narrative explaining the circumstances and whether this affects the applicant's ability to meet this requirement.
 - a. Do one or more government entities or officials control the election or appointment of a majority of the members of the board of directors of the applicant?
☐ Yes
☐ No
 - b. Do the articles of incorporation or bylaws of the applicant require that a certain number of the applicant's board members be government employees or elected or appointed government officials?
☐ Yes
☐ No
 - c. Do one or more government entities select or have veto power over the selection of the executive director, chief executive officer, or comparable official of the applicant?
☐ Yes
☐ No
 - d. Do one or more government entities control or have veto power over the financing decisions of the applicant?
☐ Yes
☐ No
 - e. Are a majority of the applicant's board members themselves elected or appointed government officials?
☐ Yes
☐ No
 - f. Does any government entity provide more than 50% of the applicant's operating budget or financing capital?
☐ Yes
☐ No
 - g. If the applicant organization is controlled by another entity, is that entity controlled by one or more government entities?
☐ Yes
☐ No

¹ For purposes of this requirement, the Fund does not consider organizations operated or controlled by a tribal government to be an agency or instrumentality of the government of the United States or any State or any political subdivision of a State. Thus, entities that are tribal entities or controlled by tribal government entities may still be eligible as CDFIs.

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Appendix

Glossary of Terms

TERMS	DEFINITIONS
Affiliate	Any company or entity that controls, is controlled by, or is under common control with another company.
Arms-Length Transaction	A transaction with an entity other than an <i>Affiliate</i> .
Authorized Representative	An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the applicant.
CDFI Intermediary	An entity whose primary business activity is the provision of <i>Financial Products</i> to CDFIs and/or emerging CDFIs and that meets the CDFI certification eligibility requirements.
Depository Institution Holding Company	A bank holding company or a savings and loan holding company as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813 (w)(1)).
Development Services	Activities that promote community development and are integral to the applicant's provision of <i>Financial Products</i> . Such services shall prepare or assist current or potential borrowers or investees to utilize the <i>Financial Products</i> of the applicant. Such services include, for example: (1) Financial or credit counseling to individuals for the purpose of facilitating home ownership, promoting self-employment, or enhancing consumer financial management skills; or (2) Technical assistance to borrowers or investees for the purpose of enhancing business planning, marketing, management, and financial management skills.
Equity Investment	An investment made by an applicant which, in the judgement of the Fund, directly supports or enhances activities that serve an <i>Investment Area(s)</i> or a <i>Targeted Population(s)</i> . Such investment must be made through an <i>Arms-Length Transaction</i> . An <i>Equity Investment</i> includes a stock purchase, a purchase of a partnership interest, a purchase of a limited liability company membership interest, a loan made on such terms that it has sufficient characteristics of equity (and is considered as such by the Fund); or any other investment deemed to be an <i>Equity Investment</i> by the Fund.
Equity Investment Closed	An <i>Equity Investment</i> is "closed" when a legally binding investment document has been signed by the investee in favor of the investor.
Financial Products	Loans, <i>Equity Investments</i> , and in the case of <i>CDFI Intermediaries</i> , grants to CDFIs and/or emerging CDFIs and deposits in insured credit union CDFIs and/or emerging insured credit union CDFIs.
Financial Services	Checking, savings account, check cashing, money orders, certified checks, automated teller machines, deposit-taking and safe deposit box services.
Financial Statements	Financial reports that reflect the financial condition of an organization at a specific point in time. In the case of a non-regulated for-profit, bank, thrift or <i>Insured Credit Union</i> , such statements consist of a balance sheet, income and expense statement, and statement of cash flows (optional for <i>Insured Credit Unions</i>). In the case of a non-regulated non-profit, such statements consist of a statement of financial condition, statement of activities and statement of cash flows.

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Financing Entity	An entity whose predominant business activity is the provision, in <i>Arms-Length Transactions</i> , of <i>Financial Products</i> , <i>Development Services</i> , and/or other similar financing. An applicant may demonstrate that it is such an entity if it is a(n): (1) <i>Depository Institution Holding Company</i> ; (2) <i>Insured Depository Institution</i> or <i>Insured Credit Union</i> ; or (3) An organization which is deemed by the Fund to have such a predominant business activity as a result of analysis of its financial statements, organizing documents, and any other information required to be submitted as part of its application.
Financing Related Activities	Activities that support the applicant's provision of <i>Financial Products</i> , including: (1) Pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and (2) The provision of loan packaging, provided that, in the opinion of the Fund, the applicant is financing more than a nominal portion of the loan that is being packaged for another lender.
Full-Time Equivalent	An employee that works at least a 40-hour work week. In calculating the number of full-time equivalents, part-time employees should be aggregated to full-time equivalents (e.g. two part-time employees that each work 20 hours per week may be aggregated to count as one full-time equivalent.)
Geographic Units	A unit(s) within an <i>Investment Area</i> that is a county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area (as such units are defined or reported by the U.S. Bureau of the Census). However, <i>Geographic Units</i> in metropolitan areas that are used to comprise an <i>Investment Area</i> shall be limited to census tracts, block groups and American Indian or Alaskan Native areas.
In Hand Matching Funds	<i>Matching Funds</i> that the applicant has received.
Insured Credit Union	Any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund.
Insured Depository Institution	Any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation.
Investment Area	A <i>Target Market</i> made up of a <i>Geographic Unit</i> or contiguous <i>Geographic Units</i> that: (1) Are entirely located within the geographic boundaries of the <i>United States</i> and either: (2) Meet at least one of the criteria of economic distress as defined under 12 CFR §1805.201(b)(3)(ii)(D) and has significant unmet needs for loans or <i>Equity Investments</i> as described under 12 CFR §1805.201(b)(3)(E); or (3) Encompass or are located in an Empowerment Zone (EZ) or Enterprise Community (EC).
Loan Closed	A loan is counted as "closed" when a legally binding note has been signed by the borrower in favor of the lender.
Low-Income	An annual income, adjusted for family size, of not more than: (1) For metropolitan areas, 80% of the area median family income; and (2) For non-metropolitan areas, the greater of: (i) 80% of the area median family income; or (ii) 80% of the statewide non-metropolitan area median family income.
Low-Income Targeted Population	A <i>Target Market</i> that is made up of individuals who are <i>Low-Income</i> and who reside within the boundaries of the <i>United States</i> .

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Multi-Bank Community Development Corporation (CDC)	In general, a for-profit or nonprofit organization in which multiple <i>Insured Depository Institutions</i> collectively play a role in the governance (e.g., comprising a majority of the board of directors), the investment decisions, and/or the capitalization of the entity.
Net Assets	<i>Total Assets</i> less <i>Total Liabilities</i> as reported in an organization's statement of financial condition. <i>Net Assets</i> is applicable to non-profit organizations and indicates the extent to which an organization's <i>Total Assets</i> exceed its <i>Total Liabilities</i> .
Net Capital	<i>Net Capital</i> is applicable to <i>Insured Credit Unions</i> and has the same meaning as defined by the National Credit Union Administration (NCUA).
Net Charge-Off	The total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts charged-off but later collected. A <i>Net Charge-Off</i> is also known as a <i>Net Write-Off</i> to non-regulated organizations.
Net Worth	The total dollar value of a for-profit organization's equity and is comprised of the sum of common stock, paid-in capital and <i>Retained Earnings</i> . <i>Net Worth</i> is the equity base of a regulated bank or thrift and other unregulated for-profit organization and its underlying financial strength. <i>Net Worth</i> is also commonly known as <i>Total Equity</i> .
Net Write-Off	Total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts written-off but later collected. A <i>Net Write-Off</i> is also known as a <i>Net Charge-off</i> to <i>Insured Credit Unions</i> , and banks and thrifts.
Other Targeted Population	A <i>Target Market</i> that is made up of an identifiable group of individuals who lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area and who reside within the boundaries of the <i>United States</i> . Such a <i>Targeted Population</i> may be comprised of persons who have historically been denied access to loans or <i>Equity Investments</i> due to factors, including gender, race, ethnicity, national origin, and creed.
Past Due Loans	<i>Gross Loans Receivable</i> or <i>Total Loans</i> with payments 30 days or more past due (2 months for <i>Insured Credit Unions</i>). Loans should be considered past due if any part of the payment is past due.
Subsidiary	Any company which is owned or controlled directly or indirectly by another company and includes any service corporation owned in whole or part by an <i>Insured Depository Institution</i> or any <i>Subsidiary</i> of such a service corporation, except as provided in 12 CFR §1805.200(b)(4).
Targeted Population	Individuals, or an identifiable group of individuals, who are <i>Low-Income</i> people (e.g., a <i>Low-Income Targeted Population</i>) or lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area (an <i>Other Targeted Population</i>). The members of a <i>Targeted Population</i> must reside within the boundaries of the <i>United States</i> .
Target Market	An <i>Investment Area(s)</i> and/or a <i>Targeted Population(s)</i> .
Total Assets	The sum of all assets of the organization.
Total Capital	<i>Total Capital</i> is the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available</i> . <i>Total Capital</i> represents the total dollar amount of debt and equity financing that is provided by third party funders to support lending or <i>Equity Investment</i> activities.

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United States	The 50 states, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.
Venture Capital Fund	An organization that invests funds in businesses, typically in the form of either <i>Equity Investments</i> or subordinated debt with equity features such as a revenue participation or warrants, and generally seeks to participate in the upside returns of such equity investments or equity features in an effort to at least partially offset the risk of investments
